

**SAN DIEGO COUNTY
DEFERRED COMPENSATION PLAN
SUMMARY PLAN DESCRIPTION**

Describing the San Diego County Deferred Compensation Plan
As in effect on January 1, 2002

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The County of San Diego (referred to in this summary as the “County”) sponsors the San Diego County Deferred Compensation Plan (referred to in this summary as the “Plan”). This summary has been updated to reflect all provisions of the Plan in effect as of January 1, 2002.

This summary sets forth the important features of the Plan. The purpose of this summary is to acquaint you with important terms and workings of the Plan and how it may benefit you and your beneficiary or beneficiaries. You are urged to read this summary carefully.

The terms of the Plan’s retirement benefits are formally stated in and will be governed in every respect by the Plan’s formal document and the trust agreement under which the assets of the Plan are held in Trust (“Trust”) by the Plan’s Trustee (“Trustee”). Copies of the Plan documents are available for your review from the Offices of the Treasurer-Tax Collector of the County of San Diego (who is the Deferred Compensation Administrator responsible for the administration of the Plan) where they may also be examined at any time during regular business hours.

General Description of the Plan’s Retirement Benefits

The Plan is a written plan under which you, as a Plan participant, can receive significant tax-favored retirement benefits. The retirement benefits under the Plan are governed by section 457(b) of the Internal Revenue Code (and this type of plan is often referred to as a “457(b) plan”).

Under the Plan, an account will be established in your name (referred to in this summary as your “Account”). This Account will be credited with the portion of your compensation you defer into the Plan, plus any earnings and gains and less any expenses and losses of the Account.

If you elect to participate in the Plan, you may elect to defer (and contribute) a certain percentage of your compensation to the Plan into the Account established under the Plan for your benefit.

Contributions to the Plan are not subject to income taxes when made (although the contributions to the Plan may be subject to FICA taxes such as Social Security and Medicare taxes, if those taxes apply to you). Instead, the contributions are subject to state and federal income tax when they are paid to you or your beneficiary or beneficiaries. Earnings on your Account prior to distribution will accumulate for you on a tax-deferred basis. Amounts distributed to you from the Plan are treated as taxable ordinary income for federal and state income tax purposes when received.

You are encouraged to consult with a tax advisor who is knowledgeable with the taxation of distributions from eligible deferred compensation plans prior to receiving a distribution from the Plan.

Participation in the Plan

What does participation in the Plan mean?

If you are a participant in the Plan, you may elect to defer a portion of your compensation for each Plan year and have the amount of that deferral (called your “Tax Deferred Contributions” in this summary) contributed to the Plan on your behalf by the County.

Who is eligible to participate in the Plan?

All regular full-time and part-time employees of the County who are on the payroll of the County are eligible to participate in the Plan except for employees who are nonresident aliens with respect to the United States and receive no earned income with a U.S. source from the County, who are subject to a written agreement that provides that they will not be eligible to participate in the Plan, or are part of a group, division, or other classification designated by the County or the Deferred Compensation Administrator as ineligible to participate in the Plan.

An individual’s status as an eligible employee will be determined by the Deferred Compensation Administrator in his or her sole discretion and such determination shall be conclusive and binding on all persons. Persons who are not initially treated as employees of the County but are subsequently determined to have been misclassified will not be deemed to be eligible employees retroactively for the period they were misclassified.

When can I enroll in the Plan?

As you begin employment with the County, you will receive an enrollment package. This package will contain the forms necessary to join the Plan and designate your beneficiary or beneficiaries. You will also receive detailed information on the investment fund choices available under the Plan.

If you wish to participate in the Plan, you must return the signed forms to the Office of the Treasurer-Tax Collector before the first day of the calendar month which follows your hire date. If you do not enroll in the Plan when you are first eligible, you may enroll at any time by completing the appropriate enrollment forms. If your completed enrollment forms are received by the end of the month, your enrollment will be effective as soon as administratively practicable but in no event earlier than the first day of the next following month.

When do I become a participant?

You become a participant on the first day of the calendar month after you enroll in the Plan.

How does a participant make a Tax Deferred Contributions election?

As part of his or her enrollment in the Plan, an eligible employee will receive a Voluntary Salary Deferral Agreement form. Each employee must sign and return this form to the Office of the Treasurer-Tax Collector.

In the Salary Deferral Agreement, you will be requested to:

- Authorize the County to deduct the Tax Deferred Contributions you specify from your pay,
- Designate a beneficiary or beneficiaries to receive your Account in the event of your death, and
- Direct the investment of your Account among the investment choices available under the Plan.

May a participant elect to have no compensation deferred?

Yes, the plan participation is voluntary. You may also revoke your Voluntary Salary Deferral Agreement at any time effective no earlier than the first day of the following month. Additional time may be required to process your election change. You will have an opportunity to enroll again as described on page 2 under “When can I enroll in the Plan?”

Will a participant be permitted to change his election regarding Plan participation?

Yes. You may modify or revoke your election effective no earlier than the first day of the following month. Additional time may be required to process your election change.

When will I cease participation in the Plan?

You may continue to participate in the Plan until your employment with the County is terminated for any reason, whether voluntarily or involuntarily.

If I leave the County, may I rejoin the Plan if I am rehired?

Yes. You elect to participate in this Plan for each period of employment and are treated as a new employee upon reemployment. Therefore, you may become a participant in the Plan in accordance with the rules on page 2 under “When do I become a participant?” In addition, if you had begun receiving benefit payments after your severance from employment, you may, upon reemployment, make a one time irrevocable election to cease those payments. Future benefit payments will be made in accordance with the distribution rules beginning on page 8 under “Distribution of Plan Benefits.”

Tax Deferred Contributions to the Plan

How is the amount of Tax Deferred Contributions to the Plan determined?

Commencing with the payroll period which begins in the first calendar month after you become a participant, for each paycheck, the percentage of compensation which you elected to defer will automatically be deducted from each of your paychecks. The County will send the amount of your Tax Deferred Contributions to the Plan's Trustee on your behalf, who will then forward them to the T. Rowe Price Company or the Hartford Insurance Company for investment in accordance with your investment directions.

What are the limits on the amount of Tax Deferred Contributions I may make?

General Tax Deferred Contribution Limit

The maximum amount of compensation you may have deferred under the Plan in any Plan year is determined by three different limits:

- The General Maximum Dollar Limit
- The Age 50 Tax Deferred Contribution Limit (which applies to participants who will be at least age 50 by the end of the Plan year), and
- The Normal Retirement Age Additional Tax Deferred Contributions Limit (which applies to the last three years immediately preceding your normal retirement age under the Plan)

The total amount of Tax Deferred Contributions (and similar contributions made under any other 457(b) plan maintained by the County) you make in a calendar year may not exceed the lesser of 100% of your “includable compensation” or the applicable general maximum dollar amount allowed by law as set forth in the following table:

Tax Year	Maximum General Tax Deferred Contribution Dollar Amount
2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000
2007 and Subsequent Tax Years	As Adjusted for Changes in Cost of Living

“Includable compensation” means, generally, your base salary or wages, overtime and bonuses and other amounts included in gross income for services performed for the County. It also includes certain amounts not includable in gross income, such as your Tax Deferred Contributions to this Plan, contributions made to another County-sponsored 457(b) plan, contributions to a tax-sheltered annuity provided by the County, before-tax contributions you may make under a County-sponsored flexible benefits plan, and qualified transportation fringe benefits provided by the County. “Includable compensation” does not, however, include any contributions you elect to be made to the County of San Diego Incentive Retirement Deferred Compensation Plan for your benefit.

Age 50 Additional Tax Deferred Contributions

Except as explained below, if you are, or will be, at least age 50 by the end of the calendar year, and if you have deferred the maximum percentage or dollar amount allowed under the Plan or by the IRS (as set forth above), you may elect to make

Additional Tax Deferred Contributions to the Plan up to the maximum amount allowed by law as set forth in the following table:

Tax Year	Maximum Additional Tax Deferred Contribution Amount
2002	\$1,000
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000
2007 and Subsequent Tax Years	As Adjusted for Changes in Cost of Living

You may not make these additional Tax Deferred Contributions if you are eligible to make the Normal Retirement Age Additional Tax Deferred Contributions (as described below), and such Normal Retirement Age Additional Tax Deferred Contributions would be more than the Age 50 Additional Tax Deferred Contributions limit.

Normal Retirement Age Additional Tax Deferred Contributions

In each of the last three taxable years ending before you attain your normal retirement age, you may elect to defer an amount which is more than the general amount described above. Instead of the limit described above, in any or all of these three years, your higher deferral limit is the lesser of:

- two times the general deferral dollar limit in effect for that year
- OR
- the general deferral dollar limit in effect for that year, plus any part of the general deferral dollar limit for each earlier year in which you were eligible to participate in the Plan, but that you did not use.

The normal retirement age under the plan is age 70½ unless you elect an alternate normal retirement age prior to termination of employment. Your alternate normal retirement age may not be any age earlier than the age you are eligible to retire under the San Diego County Employees Retirement Association without actuarial or similar reduction in benefits due to retirement, unless you are a qualified police or firefighter participant in the Plan (as determined by section 457 of the Internal Revenue Code) in which case you may elect an age at least 40 and not later than 70½. Thus, if you are in “Tier A”, your alternate normal retirement age may not be earlier than age 60. If you are in “Tier 1”, your alternate normal retirement age may not be earlier than age 62. If you are in a different Tier or believe you are entitled to elect a different alternate normal retirement age, please contact the Office of the Treasurer-Tax Collector. Once you have made Normal Retirement Age Additional Tax Deferred Contributions, you may not

change your normal retirement age. Your normal retirement age must be the same for all deferred compensation plans of the County.

Contributions Following Reemployment After Qualified Military Leave

If you become absent from your job for qualified military leave in the U.S. uniformed military service and then return to employment with the County, your period of qualified military service will not be considered a termination of employment for purpose of the Plan, and you will be able to resume participation in the Plan upon your return from qualified military service. You will be permitted to make additional Tax Deferred Contributions based on your period of qualified military service. The amount of these additional contributions cannot exceed the maximum amount you would have been permitted to contribute to the Plan during the period of qualified military service had you actually been employed by the County during that period, and must also be made within a certain period of time following your reemployment. Please contact the Office of the Treasurer-Tax Collector for additional information.

When will Tax Deferred Contributions vest on a participant's behalf?

All Tax Deferred Contributions you make, plus earnings and gains on those contributions, are immediately 100% vested.

Are there any events which could cause Tax Deferred Contributions by a participant to be paid to the participant as cash compensation?

Yes. The Internal Revenue Code sets a limit on the maximum contribution that may be made on your behalf for any year under this Plan and any similar 457(b) eligible deferred compensation plan maintained by the County. The limits are described in more detail above. If the amounts deferred by you exceed these limits, then the excess amount of your Tax Deferred Contributions will be paid to you as taxable cash compensation as soon as practicable after the County determines that excess deferrals under the Plan have been made on your behalf.

Rollover Contributions to the Plan

May I roll over contributions into the Plan?

Yes. If you are a participant in the Plan and if the County approves, you may make Rollover Contributions to the Plan. Rollover Contributions are certain distributions from eligible retirement plans that are rolled over to the Plan within 60 days of their receipt by the participant or which are directly or indirectly transferred to this Plan from another eligible retirement plan. An "eligible retirement plan" means a qualified 401(a) plan, 403(a) qualified annuity plan, 403(b) tax-sheltered annuity plan, governmental 457(b) plan or an individual retirement account. However, this Plan will not accept a rollover of after-tax contributions. Your Rollover Contributions will be credited to a Rollover Account. You may invest Rollover Contributions in the same investment funds that are available for investment of Tax Deferred Contributions.

When will Rollover Contributions vest on a participant's behalf?

All Rollover Contributions, plus earnings and gains on those contributions, are immediately 100% vested.

Investment Options and Risks

What investments are available?

Participants may invest their Tax Deferred Contributions in any of several investment options available through T. Rowe Price Company or the Hartford Insurance Company. The Plan permits you to diversify investments among several investment funds. You should select an investment fund — or a combination of investment funds — that meets your requirements and that involves a level of risk that you find acceptable. At the time you enroll, and at later times upon request, you will receive detailed information about each of the funds in the mutual fund options or insurance company contracts which are provided separately. For information on obtaining detailed investment information or specific information regarding your Account, see the section below called “What information is available regarding Plan investments?”

What are the investment risks?

You should appreciate that each of the investment funds is subject to a degree of investment risk and that the different funds are exposed to different kinds and levels of risk. In general, fixed-income (debt securities) investments are subject to interest rate fluctuations and possible defaults in the payment of interest or the repayment of principal, whereas equity investments in business enterprises depend on market perceptions of the expected profitability of the enterprises. Both are also affected by general economic and market conditions. The primary negative risk in a “guaranteed income contract” investment is that its guaranteed rate of return, which is fixed for the six month term, will be surpassed during the term by prevailing market return rates on other types of investments. In addition, there may be penalties for early liquidation of amounts invested in a “guaranteed income contract.” Contact the Deferred Compensation Administrator for more information. None of the investment funds offered under the Plan is insured by any government agency, nor does the County make any guarantee with respect to the funds. You should recognize that any investment fund could incur losses.

The County selects and monitors a variety of investment vehicles from which you may make your investment choices. You are also provided information about each investment choice, the fees charged, and opportunity to change your investment selections at frequent intervals. The Plan is intended to satisfy the provisions of California Government Code section 53213.5, which provides that the County shall be relieved of liability for losses that arise from a participant's investment choices.

You should work out your retirement savings strategy so you will have a good idea of how long you have to save for retirement and how much you will need for your retirement. (Remember, you want your savings to keep growing during your retirement as well.) Putting that together with an understanding of the different risk and return

characteristics of the types of investments available under the Plan is the first step toward deciding what percentages you should invest in the Plan's investment funds.

One way investment advisors attempt to reduce overall risk is by investment diversification. In other words, if you invest not just in one type of investment, but in investments with different risk and return characteristics, you can come up with a mix that minimizes the risk of attempting to receive a certain rate of return.

You diversify by investing various percentages in different types of investments. But how much should you invest in each type? That depends on how long your investment period will be and how *risk tolerant* an investor you are.

Generally, younger persons can afford to take more risk by investing more heavily in stocks, because with several years to retirement, short-term losses can be recovered. If you invest for the long term (for at least 10 years or more), stocks have historically provided the best average return of any investment (although you should be aware that past returns of an investment option do not guarantee what future returns of that investment option will be). As you age and approach retirement, financial planners suggest you still retain stock investments, but put more of your funds into investments with less short-term volatility risk.

What information is available regarding Plan investments?

The Deferred Compensation Administrator will automatically provide you investment information which is designed to allow you to consider and determine how to invest your funds held under the Plan. Often this information can be found in a fund's prospectus. The information you receive will:

- describe each of the investment alternatives available, including the investment's objectives and its risk and return characteristics,
- provide a schedule of the transaction fees and expenses charged to your Account related to a particular investment, and
- describe your voting rights, where applicable, when you have shares held in certain investment funds.

Also, to the extent an item of information below is not provided to you automatically, it will be provided to you by the Deferred Compensation Administrator upon request:

- a description of each investment fund's annual operating expenses, such as investment management fees,
- financial statements, reports and other materials furnished by the investment funds to the Plan,
- a statement of the value of the shares or units held in your Account,

- a listing of the assets and both their past and current investment performance and value in the investment funds, and
- the name of the contract issuer and the contract's term and rate of return for any fixed-rate investment contract.

Please contact the Office of the Treasurer-Tax Collector for any of the items listed above.

Account Statements

You will receive a statement, not less frequently than annually, showing the value of your Account.

Distribution of Plan Benefits

When will my Plan benefits be distributed?

You may elect to have the distribution of your Account commence within a reasonable time following your termination of employment with the County, your suffering a severe financial hardship which is an unforeseeable emergency (See *Withdrawals While Employed* on page 10), or your attainment of age 70½. Unless you elect an earlier or later distribution commencement date as permitted by the Plan, your Account will be distributed to you not later than sixty days after the Plan year you terminate employment or attain age 70½, whichever occurs first.

If you retire, terminate employment, or die, the County will determine the amount credited to your Account. The value of your Account will be determined on the valuation date which immediately precedes the date of distribution (and will also include any contributions you and the County have made since that date).

May I delay commencement of my Plan benefits?

You (or, in certain cases, your beneficiary in the case of your death) may elect to delay the commencement of benefits to any later date, provided benefits begin to be paid not later than the April 1 after the end of the calendar year in which you attain (or would have attained) age 70½ or retire (whichever is later). This election must be made before your payment of benefits would otherwise begin. Your beneficiary may be able to elect a similar delay in benefit commencement, but payments to beneficiaries are required to begin within certain timeframes. (See *"How are payments made to my beneficiary?"* on page 11.)

Also, due to a recent change in the law, if you are entitled to be paid from the Plan after 2001 (even if you have previously terminated employment and still have an Account under the Plan), you may change any previously irrevocable election and, instead, elect payment as described in the preceding paragraph.

What forms of payment may I elect for my distribution?

You may elect any method of distribution permitted under the contract with the T. Rowe Price Company or the Hartford Insurance Company at the time of distribution and may make your election at any time [during the 60-day period] before payment occurs. Payment can be delayed if you do not provide sufficient time for your election to be processed. The Plan must follow certain IRS rules regarding minimum payment amounts to participants under certain payment forms described below.

Currently, you may elect payment of your distribution in any of the following forms:

- An annuity, which provides substantially equal payments over your (or your beneficiary's) lifetime or life expectancy. If you wish, payments can be guaranteed to be made for a certain length of time.
- Systematic withdrawals, which provide for substantially equal payments over a specified period of time.
- Payment in installments over a specified period of time.
- A lump sum payment, which provides for a single payment of the entire value of your Account.

Special Note: For systematic withdrawals, benefit payments may be accelerated if the entire Account would be liquidated in no more than one year.

What if I do not or my beneficiary does not make an election as to the form of the payment of the distribution?

If you fail to elect a form of payment before the benefit commencement date under the Plan, you will be deemed to have elected to postpone distribution of your Account until the year in which you attain age 70½. Thereafter, upon your attaining age 70½, payment of your Account in non-increasing installments will then commence for a minimum payment period of ten years unless the total value of your Account does not exceed \$5,000 in which case the Deferred Compensation Administrator may elect to distribute your Account in an immediate lump sum amount if the following three conditions are satisfied: (i) the total value of your Account is less than the amount specified by the Internal Revenue Service for involuntary cash-out distributions under the Plan (\$5,000 in 2002), (ii) you have not made any Tax Deferred Contributions to the Plan during the two-year period ending on the date of the distribution and, (iii) there has been no prior distribution to you under the Plan.

If you die before receiving your Account under the Plan and your beneficiary fails to elect a form of payment before the benefit commencement date under the Plan, your beneficiary will be will then be paid your Account in non-increasing installments for a minimum payment period of ten years.

May I roll over my Account in this Plan to an IRA or other eligible retirement plan?

Yes. Beginning January 1, 2002, a distribution from this Plan made in either a lump sum payment or in the form of systematic withdrawals over a period of less than ten years may be paid directly to any other eligible retirement plan. An “eligible retirement plan” means a traditional IRA, a qualified 401(a) plan, a “403(b)” tax-sheltered annuity plan maintained by certain educational or tax-exempt entities, or a “457(b)” deferred compensation plan maintained by a governmental employer. However, an employer is not required to accept a rollover and you should check with your new employer to see if your distribution can be rolled over. Please contact the Office of the Treasurer-Tax Collector for details.

May I transfer my Account in this Plan to another 457(b) Plan?

Yes. Instead of receiving the distribution directly or having the distribution rolled over as described above, you may instead elect a direct transfer of the value of your Account in this Plan to another governmental section 457(b) plan provided that other plan will accept those amounts and other requirements are met. Please contact the Office of the Treasurer-Tax Collector for details.

May I transfer my Account in this Plan to purchase service credit under a county retirement system?

Yes. You may elect to transfer a distribution of your Account to a county retirement system (such as the County of San Diego Retirement System) to purchase additional service credit that you may be eligible to purchase under the system provided that such system will accept such transfer to purchase additional service credit. For more information, you should contact the county retirement system to which you are considering making the transfer.

Withdrawals While Employed

You may request a withdrawal from your Account while you are employed by the County under any one of the following three circumstances:

- You attain age 70½.
- You suffer a severe financial hardship which is an unforeseeable emergency. A severe financial hardship can result from a sudden and unexpected illness or accident which befalls you or your dependent, the loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstances arising from events beyond your control. The hardship withdrawal will not be available to the extent the amount needed is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of your assets (to the extent that liquidation of your assets would not itself cause severe financial hardship), or by stopping deferrals under the Plan.

- The following three conditions are satisfied: (i) the total value of your Account is less than the amount specified by the Internal Revenue Service for involuntary cash-out distributions under the Plan (\$5,000 in 2002), (ii) you have not made any Tax Deferred Contributions to the Plan during the two-year period ending on the date of the distribution and, (iii) there has been no prior distribution to you under the Plan under these conditions.

Please contact the Office of the Treasurer-Tax Collector for more information if you believe you qualify to make a withdrawal from your Account while you are employed by the County and wish to withdraw funds from your Account.

Death Benefits Payable Under the Plan

May I designate beneficiaries to receive a distribution of my Account in the event of my death?

Yes. You may name beneficiaries, on a Beneficiary Designation Form, to receive the value of your Account and you may change your beneficiary designation at any time by filing a new form with the Office of the Treasurer-Tax Collector. Beneficiary Designation forms may be obtained from the Office of the Treasurer-Tax Collector.

If you have not designated a beneficiary and you die, the value of your Account will be paid to the person or persons in the order stated:

- Your spouse, if any,
- Your living children, if any, in equal shares, or
- Your estate.

How are payments made to my beneficiary?

If your beneficiary is your spouse and payments have not yet commenced, payment will commence within 60 days following the end of the calendar year of your death (unless you had elected a later date, or your spouse elects a later date) and in any form available to the participant. Your spouse can elect to delay receipt of his or her distribution to a later date (which can be no later than the date you would have attained age 70½) and must be payable over a period of time which does not exceed the spouse's life expectancy.

If your beneficiary is not your spouse and benefits have not yet commenced, payments to the beneficiary will commence within 60 days following the end of the calendar year of your death (unless you had elected a later date, or your beneficiary elects a later date). Your beneficiary can elect to delay receipt of his or her distribution to a later date, but payment must either:

- be made in full within five years of your death, or

- begin within one year of your death and must be payable over a period of time which does not exceed the beneficiary's life expectancy.

The beneficiary's election to delay the distribution must be made before the date the payment of the benefits would have commenced. The beneficiary may select any of the forms of payment otherwise available to you, subject to the IRS rules regarding minimum payment amounts.

In the event payments have commenced, but the entire distribution has not yet been paid to you, payments will be made to your beneficiary in accordance with the form of payment in effect, and will be made at least as rapidly as under the form in effect at the time of your death.

Benefit Security

Is it possible for me to lose my benefits under the Plan?

Yes. Your Account may be lost or substantially reduced in the following situations:

1. If the market value of the fund or funds you have selected decreases due to market conditions.
2. If you take a distribution and are invested in a particular fund, penalties may apply under certain circumstances (for example, if you take a distribution prior to the attainment of a certain age and/or years of service). Refer to the prospectus for a particular fund or contact the Deferred Compensation Administrator for more information.
2. If the Plan is required to pay all or a portion of your Account to your spouse, former spouse or a dependent under the terms of a domestic relations order that has been approved by the Deferred Compensation Administrator.
3. If certain requirements of Federal tax law are not satisfied in any year, the level of contributions may be reduced or returned to certain employees.
4. If you (or your beneficiary) do not provide the County with your most recent address and you cannot be located. Make sure the County and the Deferred Compensation Administrator always have your current address.
5. If you (or your beneficiary) fail to make proper application for benefits or fail to provide necessary information.

May I assign or transfer my interest in the Plan?

No. Except in the case of a domestic relations order that is determined to be qualified under the terms of the Plan and applicable law, you may not assign or otherwise

transfer your interest in the Plan to anyone else. A domestic relations order permits the division of property (including Plan benefits) pursuant to divorce and certain other domestic relations proceedings. Participants and beneficiaries can obtain, without charge, a copy of the Plan's procedures governing the approval of domestic relations order determinations from the Office of the Treasurer-Tax Collector.

Are the benefits under the Plan insured?

No. The benefits provided under the Plan are not insured.

Tax Consequences of Plan Distributions

The Plan is intended to meet the requirements of section 457(b) and other related provisions of the Internal Revenue Code as applicable to plans of state and local governmental entities. As long as the Plan satisfies these requirements, participants will not have to recognize current taxable income for federal or state income tax purposes on the Tax Deferred Contributions made to the Plan.

The County does not assume any responsibility for the information provided below and does not provide tax advice. Also, this does not include a discussion of state taxes. It is important, therefore, that participants and beneficiaries consult a qualified tax advisor to obtain current information as well as advice which is tailored to their particular circumstances.

Federal Income Tax Consequences of Plan Distributions

In general, when a participant receives his or her Plan benefit (his or her Account), he or she will be taxed on the amount distribution received. If you choose an annuity payment option or systematic payments over a period of at least 10 years, you may elect in writing that taxes not be withheld. If you do not make such an election, taxes will automatically be withheld on the taxable portion when you receive the monthly payments.

When a Plan benefit is distributed to the participant directly in a lump sum or in systematic payments over a period of less than 10 years, 20% of the amount of the payment must be withheld for federal income tax purposes.

Rollovers and Transfers to Other Eligible Retirement Plans

Beginning January 1, 2002, a participant whose employment has terminated may elect to have all or any portion of his or her Plan benefit transferred directly to an eligible retirement plan that accepts rollovers (known as a "direct rollover"). This means that rather than receiving a check made payable to you, you authorize the County to write a check payable to, or transfer your Plan benefit directly to, an eligible retirement plan. An "eligible retirement plan" means a traditional IRA, any employer-sponsored qualified plan under section 401(a) of the Internal Revenue Code, a tax-sheltered annuity plan

under section 403(b) of the Internal Revenue Code, or a government employer-sponsored eligible deferred compensation plan under section 457(b) of the Internal Revenue Code (such as the Plan).

When the Plan benefit is directly rolled over to or transferred to an eligible retirement plan, the 20% federal withholding will not apply. Alternatively, you may elect to receive a check made payable to you (with 20% of the taxable Plan benefit withheld), and then deposit this amount into a traditional IRA or other eligible retirement plan within 60 days after receipt of the distribution (known as a “regular rollover”). However, unless you also contribute to the IRA or other eligible retirement plan, from your own funds, an amount equal to the 20% withheld, you will have to pay tax on the 20% that was not rolled over.

Your surviving spouse, or a spouse or former spouse who is an “alternate payee” under an approved domestic relations order, has the same choices as an employee. Thus, the person may elect to receive the distribution or roll it over to a traditional IRA or other eligible retirement plan that accepts rollovers. Any beneficiary other than a surviving spouse must receive the Plan benefit and may not rollover the Plan benefit.

Changes in Tax Laws

Congress may amend the Internal Revenue Code at any time. In addition, the Internal Revenue Service may at any time issue new regulations or rulings. Such developments could render all or any part of the tax discussion in this summary obsolete.

Plan Administration

Who administers the Plan?

The Deferred Compensation Administrator is responsible for the administration of the Plan. The Treasurer-Tax Collector of the County (or his or her designee) has been designated the Deferred Compensation Administrator by the Board of Supervisors of the County. The Deferred Compensation Administrator may provide for certain persons to act on his or her behalf to administer the Plan on a day-to-day basis. The Deferred Compensation Administrator has full discretion to administer and interpret the Plan and to determine eligibility for benefits under the Plan. Any action or determination of the Deferred Compensation Administrator involving the administration, application or interpretation of the Plan or eligibility for benefits under the Plan is final and binding on all persons.

Amendment and Termination of the Plan

May the Plan be amended?

Yes. The Plan may be amended by the County at any time.

May the Plan be terminated?

Yes. The Plan may be terminated by the County at any time.

Claim Procedures

Where and When Should I Apply?

The Office of the Treasurer-Tax Collector is available to assist you in applying for your benefit and exercising your other rights under the Plan. To ensure timely payment, you (or your beneficiary) should file the appropriate forms as soon as possible. The forms must be completely filled out, signed and filed with the Deferred Compensation Administrator at the following office:

Deferred Compensation Administrator
County Treasurer – Tax Collector
1600 Pacific Highway, Room 142
San Diego, California 92101

The Deferred Compensation Administrator may rule on the benefits application solely on the basis of your application or the application of your beneficiary (if you die before the complete distribution of your benefits under this Plan). In the event the Deferred Compensation Administrator determines it is necessary to hold a hearing regarding any benefit determination, the Deferred Compensation Administrator may appoint either one of its agents or a member of the State Bar of California to serve as a referee. The referee shall hold such a hearing and shall transmit, in writing, to the Deferred Compensation Administrator his or her proposed findings of fact and recommended decision.

- (a) The proposed findings of fact and recommendations of the referee shall be served on the parties who shall have 10 days to submit written objections thereto which shall be incorporated in the record considered by the Deferred Compensation Administrator.
- (b) Upon receiving the proposed findings of fact and the recommendations of the referee, the Deferred Compensation Administrator may:
 - (1) Approve and adopt the proposed findings and the recommendations of the referee; or
 - (2) Require a transcript or summary of all the testimony, plus all other evidence received by the referee.
- (c) Upon the receipt thereof the Deferred Compensation Administrator shall:

- (1) Take such action as in its opinion is indicated by such evidence; or
- (2) Refer the matter back with or without instructions to the referee for further proceedings; or
- (3) Set the matter for hearing before itself. At such hearing the Deferred Compensation Administrator shall hear and decide the matter as if it had not been referred to the referee.

An application shall be granted or written notice of a denial shall be given to you or your beneficiary within ninety (90) days after the Deferred Compensation Administrator receives a proper application, unless special circumstances require an extension of time for processing the application. In no event shall such an extension exceed a period of 90 days from the end of the initial 90-day period. If such an extension is required, written notice thereof shall be furnished to the applicant before the end of the initial 90-day period. Such notice shall indicate the special circumstances requiring an extension of time and the date by which the Deferred Compensation Administrator expects to render a decision. If an application is neither granted nor denied within the time period prescribed by this section, such application shall be deemed denied and the participant or beneficiary may appeal the deemed denial as provided below. The above notices may be delivered electronically or on paper.

What if My Application Is Denied?

Any person whose application for benefits is denied in whole or in part (or such person's duly authorized representative) may appeal from the denial by submitting to the Deferred Compensation Administrator a request for an independent review of such application within six months after receiving written notice of the denial. The Deferred Compensation Administrator shall give the applicant or his or her representative an opportunity to review pertinent documents (except legally privileged materials) in preparing such request for review and to submit issues and comments in writing. The request for review shall be in writing and shall be addressed as follows:

Deferred Compensation Administrator
Office of the Treasurer – Tax Collector
1600 Pacific Highway, Room 142
San Diego, California 92101

The request for review shall set forth all of the grounds on which it is based, all facts in support of the request and any other matters which the applicant deems pertinent. The Deferred Compensation Administrator may require the applicant to submit such additional facts, documents or other material as he or she may deem necessary or appropriate in making a review.

Any review of a denied application shall be conducted by a panel of three or more individuals who did not take part in the initial denial of such application. Such individuals shall be designated by the Deferred Compensation Administrator.

Decision on Review. The Deferred Compensation Administrator shall act upon each request for review within sixty (60) days after receipt thereof, unless special circumstances require an extension of time for processing, but in no event shall the decision on review be rendered more than 120 days after the Deferred Compensation Administrator receives a proper request for review. If such an extension is required, written notice thereof shall be furnished to the applicant before the end of the initial sixty (60) day period. The Deferred Compensation Administrator shall give prompt, written notice of the decision to you or your beneficiary. In the event that the denial of the application for benefits is affirmed in whole or in part, such notice shall set forth, in a manner calculated to be understood by you or your beneficiary, the specific reasons for such denial and specific references to this Plan's provisions on which the decision is based. The above notices may be delivered electronically or on paper.

Exhaustion of Administrative Remedies; Limitations. No legal or equitable action for benefits under the Plan shall be brought unless and until the participant or beneficiary ("claimant"):

- (a) has submitted a written application for benefits as specified in the Plan documents,
- (b) has been notified that the application is denied as provided in the Plan documents,
- (c) has filed a written request for an independent review of the application in accordance with the Plan documents, and
- (d) has been notified in writing that the denial of the application was affirmed as provided in the Plan documents;

provided, however, that such an action may be brought if the claim has not been acted upon within the time period prescribed by above.

Effect of this Summary

This summary is intended merely to highlight some of the major provisions of the Plan. The employees, participants, and beneficiaries of the Plan should refer only to the Plan document in order to determine their rights under the Plan. If there is any inconsistency between this summary and the Plan, the Plan provisions shall control. A copy of the Plan can be obtained from the Deferred Compensation Administrator by contacting the Office of the Treasurer-Tax Collector.

Payment of Plan Expenses

Plan expenses are paid from the Plan Trust unless the County elects to pay such expenses. Certain costs or expenses of an unusual nature incurred in the administration of a participant's Plan Account may be individually charged to that participant's Account. The expenses of a particular mutual fund are charged directly to the investors in that fund.

Plan Factual Data

Plan Sponsor

County of San Diego
1600 Pacific Highway
San Diego, CA 92101

Employer Identification Number: 95-6000934

Administrator of the Plan

Deferred Compensation Administrator
Officer of Treasurer – Tax Collector
County of San Diego
1600 Pacific Highway, Room 142
San Diego, CA 92101

Employer Identification Number: 95-6000934

Type of Plan

The San Diego County Deferred Compensation Plan is intended to be an eligible deferred compensation plan established pursuant to section 457(b) of the Internal Revenue Code.

Service of Process

The Plan's agents for service of legal process is the County Treasurer and the Chief Deputy Treasurer at the address above.

Trustee

Initially, the Trustee for the Plan shall be Allfirst Trust Company. The Trustee holds the assets of the Plan in a trust fund and makes distributions at the Employer's direction. The address of the Trustee is as follows:

Allfirst Trust Company
Mail Code 101-592
25 South Charles Street
Baltimore, Maryland 21202-3396

Plan Year of the Plan

The fiscal year (or Plan Year) of the Plan is the calendar year.